

COMMON AUDIT FINDINGS



*Presented by:
California Student Aid
Commission*



IN TODAY'S WEBINAR

- Phones will be muted to eliminate background noise
- All questions can be typed in the Chat pod to the right, staff is available to answer your questions
- The PowerPoint can be downloaded from the Files pod

AUDIT OBJECTIVE

- To provide the Commission with assurance that institutions are adequately administering the Cal Grant program
- To ensure institutions participating in the Cal Grant Program complied with applicable laws, policies, contracts and institutional participation agreements.



AUDIT CRITERIA

Issues that arise during the audit will be resolved by reference to:

- California Education Code
- California Code of Regulations
- Institutional Participation Agreement
- Cal Grant Manual
- Commission Operations Memos and Special Alerts
- Higher Education Act of 1965, as amended
- 34 CFR: Compilation of Student Financial Assistance Regulations
- Financial Aid Handbook
- School Policies, Procedures and Catalogs



AREAS OF REVIEW

- General Eligibility
- Applicant Eligibility
- Fund Disbursement and Refunds
- Record Retention and File Maintenance
- Fiscal Responsibility



COMMON AUDIT FINDINGS

- Cal Grant funds not reconciled
- Actual tuition charges less than Cal Grant tuition award
- Incorrect Cal Grant payment due to enrollment status
- Income ceiling levels exceeded
- Ineligible program for Cal Grant type
- Cal Grant funds over-awarded
- Verification not performed



CAL GRANT FUNDS NOT RECONCILED

Observation: A review of the institution's accounting documents revealed that Cal Grant funds were not reconciled for the 2013-14 award year.

Requirement: Cal Grant funds must be reconciled on a student-by-student basis for the payment period and award year.

Required Action: Return the ineligible funds and submit written procedures and internal control measures that will be implemented to ensure the institution reconciles all Cal Grant funds received. The procedures must include time frames, staff titles, and specific areas of responsibilities as it relates to Cal Grant reconciliation.

RECONCILIATION EXAMPLE

The institution reported the following payments on WebGrants:

Student A	\$776
Student B	\$776
Student C	<u>\$776</u>
Total	\$2,328

Institution accounting records disclose actual disbursements:

Student A	\$776
Student B	\$582
Student C	\$388
Student D	\$388
Student E	<u>\$194</u>
Total	\$2,328

ACTUAL TUITION CHARGES LESS THAN CAL GRANT FUNDS

Observation: A review of student statements revealed that the institution awarded Cal Grant tuition funds to students whose tuition/fee amounts were less than the Cal Grant tuition award.

Requirement: Cal Grant tuition/fee awards shall be used only for actual tuition and student fees. If the student is receiving benefits from another financial aid source that is restricted to tuition and fees, the Cal Grant tuition award must be adjusted or the other tuition-paying award can be returned or reduced.

Required Action: Return ineligible funds and submit policies and procedures that will be implemented to ensure that Cal Grant tuition awards do not exceed the student's actual tuition charges.

TUITION EXAMPLE

Teresa was awarded a Cal Grant A in the amount of \$9,840 for the award year. There are four terms within the award year and she was enrolled full-time for each term. She may be eligible to receive up to \$2,460 of Cal Grant funds per term ($\$9,840 \div 4$).

Her tuition charges for each term is as follows:

Fall	\$2,600
Winter	\$2,600
Spring	\$2,391
Summer	<u>\$2,400</u>
Total	\$9,991



TUITION REFUND EXAMPLE

Paul was enrolled full-time on September 10th and was charged \$11,536 in tuition for the term. The institution reported a full-time \$3,690 tuition award for Fall and disbursed funds on September 24th.

Paul withdrew from the program on October 15th. After performing the R2T4 calculation, the institution made a tuition adjustment reducing tuition charges to \$2,987.



INCORRECT CAL GRANT PAYMENT DUE TO ENROLLMENT STATUS

Observation: A review of 40 student files disclosed 2 cases where the school disbursed more or less in Cal Grant funds than the students were eligible to receive due to enrollment status.

Requirement: The enrollment status must be determined according to the student's attendance at the time Cal Grant funds are paid to the student. Enrollment status directly correlates to the amount of the Cal Grant award and the percentage of Cal Grant eligibility used.

Required Action: Return the ineligible funds and submit policies and procedures to ensure that a student's Cal Grant payment is based upon the student's enrollment status at the time of disbursement.

INCORRECT PAYMENT EXAMPLE



- The institution determines Fall eligibility on September 15th
- The institution reports a full-time award of \$776 for John based on 12 units enrolled
- The institution did not disburse funds to student until December 1
- Transcripts show the student dropped to 9 units on September 20th

INCOME CEILING LEVELS EXCEEDED

Observation: A review of student files revealed two cases in which the student's income exceeded the Commission's income ceiling levels for the 2014-2015 award year.

Requirement: The family income for a dependent/independent student is the parent's/student's total income (TI) as calculated by the Federal Processor. TI is the Adjusted Gross Income plus Untaxed Income minus Taxable Income Offsets.

Required Action: Return the ineligible funds, have the student withdrawn from the Cal Grant Program and submit policies and procedures that will be implemented to ensure that Cal Grant recipients meet all program eligibility requirements prior to the disbursement of Cal Grant funds.

INCOME CEILING EXAMPLE

<u>Family Size</u>	<u>Income</u>
5	\$40,900
4	\$36,600
3	\$32,900

Jane was verified as a new Cal Grant B recipient based on an initial TI of \$37,643 with a family size of 5 as reported on the FAFSA.

After verification, the TI remained the same but the family size decreased to 3.



INELIGIBLE PROGRAM FOR CAL GRANT TYPE

Observation: A review of 17 Cal Grant A recipient files revealed 7 cases in which the institution disbursed Cal Grant A funds to students who were not enrolled in an eligible Cal Grant A program.

Requirement: Each type of Cal Grant (A, B or C) has specific program lengths and types of degrees, certificates or diploma a student must obtain. The school must obtain the student's degree objective at the time of enrollment.

Required Action: Return the ineligible funds, have the student withdrawn from the Cal Grant program and submit written procedures and quality controls measures that will be put into place to ensure the Cal Grant recipient is enrolled in an eligible program of study that clearly declares their educational objective at the start of enrollment and/or award year.

INELIGIBLE PROGRAM EXAMPLE



Carol enrolled in the Medical Assistant program which is 1-year in program length. At the conclusion of her program she will receive a certificate.

She was awarded a Cal Grant A in the amount of \$9,708 and the school credited the funds towards her account.

CAL GRANT FUNDS OVER- AWARD

Observation: A review of 40 student files revealed 6 cases in which the institution over-awarded Cal Grant funds.

Requirement: The total of the Cal Grant award and all other types of aid (e.g., federal, state, institution, and private) may not exceed the student's cost of attendance (budget) less the calculated Expected Family Contribution (EFC). There is no over-award tolerance for Cal Grant funds.

Required Action: Return the ineligible funds and submit policies and procedures that will be implemented to ensure that Cal Grant recipient's are not over-awarded for their respective Cal Grant award year.

OVER-AWARD EXAMPLE

Cost of Attendance		\$25,400
Less EFC		<u><5,445></u>
Unmet Need		\$19,955
Less EFA:		
Institution Grant	6,000	
Scholarship	2,000	
Subsidized Loan	<u>2,625</u>	
Total EFA		<u><10,625></u>
Cal Grant Unmet Need		\$9,330
Less Actual Cal Grant Award		<u><9,708></u>
Cal Grant Over-award		\$378

VERIFICATION NOT PERFORMED

Observation: A review of 40 student files revealed 8 cases in which the verification process was not performed prior to the disbursement of Cal Grant funds.

Requirement: The institution must compare the documentation submitted by the student selected for verification to the information provided on the FAFSA. There is no tolerance for errors (non-dollar and dollar items). The institution must have on file, the final and valid ISIR, showing the official EFC.

Required Action: Return the ineligible funds and submit procedures and quality controls measures that will be implemented to ensure that the verification process is fully completed and documented prior to the disbursement of Cal Grant funds.

CORRECTIVE MEASURES

- Policy or procedural changes to ensure appropriate administration as it relates to the finding
- Return of ineligible funds as a result of an audit finding
- Portfolio review, if the error ratio exceeds 10%
- Complete training as it relates to the finding (repeat finding)
- Placement of the school in the Commission's At-Risk Reimbursement Program
- Withhold or stop term advances
- Terminate the institution's Agreement

TIPS TO AVOID FINDINGS

- Update policies and procedures on an annual basis or when needed
- Keep records organized and readily available
- Attend training conferences or webinars
- Maintain good documentation
- Keep up to date with state or federal regulations
- Request specialized training from CSAC
- Perform "Self Audits" annually
- Consult with other schools/colleagues
- Consult with Commission staff



RESOURCES

WEBINARS

The screenshot shows the California Student Aid Commission website. At the top, the logo "CA.GOV" and "California Student Aid Commission" are visible. A navigation bar includes links for "HOME", "STUDENTS & PARENTS", "HIGH SCHOOLS", "COLLEGES", "OUTREACH & PROGRAMS", "REPORTS & PUBLICATIONS", "NEWS ROOM", and "ABOUT CSAC". A search bar and language selector ("This Site" / "California") are also present.

Below the navigation bar, a grid of links is displayed. Red arrows point to the following links:

- [Financial Aid Programs](#) (Information on programs available)
- [Cal Grant - How to Apply](#) (Application process and forms)
- [Counselor Workshop](#) (Presentation information)
- [Training](#) (Webinars and power point)
- [GPA Submission](#) (Online training)
- [Fund Your Future Outreach Publications](#) (Multilingual publications to download or order)
- [Cash for College Workshops](#) (Help to apply for financial aid)
- [WebGrants](#) (High school online access)
- [GPA Calculator](#) (Calculation instructions)
- [GPA Verify](#) (GPA Requirements)
- [GPA Q&A](#) (Frequently asked questions)
- [GPA Award Summary](#) (Statistical information)
- [IT Technical Documents](#) (Technical and IT related documents)
- [District Access - WebGrants](#) (District System Administrators Access Request Form)

Below the grid, there are three main sections:



- Cal Grant Channel**: A video player showing a man and a woman shaking hands. The video title is "What's the difference between a Loan and a Grant?".
- Important News**: A news item titled "Student Aid Commission Issues Statement on the Department of Education's Actions Against Heald College". The text states that the Participation Agreement (IPA) with Heald College is terminated. Below this is a link to "College Cost Concerns".
- California Colleges.EDU**: A section promoting the website "CaliforniaColleges.edu" as the one-stop website for higher education information in California.

On the right side, there are two promotional banners:


- SCAM ALERT**: A banner with a graduation cap and a scroll, warning about scams.
- FUND YOUR FUTURE**: A banner featuring a young man and the text "EXPLORE YOUR OPTIONS".

At the bottom left, there is a link to "2015-16 Eligible and Ineligible Cal Grant Schools".

ON DEMAND MODULES

 **California**
Student Aid Commission

Web Grants | Cal Grants | Cash for College | Cal Dream Act | FAFSA


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Mini-Trainings

The Commission provides on-demand training for high school and financial aid administrators. Each mini-training below is approximately five minutes in length and targets a specific subject. To watch a mini-training, simply select a link below.


 **New to Financial Aid**

Front Desk 101- **Coming Soon! Please check back.**

 **Middle Class Scholarship**


Middle Class Scholarship
MCS: Awards
MCS: File Types
MCS: File Submission Process
MCS: Reports

Click to Access Full Webinar Recordings

 **Cal Grant**

Cal Grant Basics
Cal Grant Eligibility
Cal Grant A, B, C's

Cal Grant GPA Calculations
Individual SSN GPA Submission Process
SSN GPA Batch Upload
Individual Non SSN GPA Submission Process
Creating a NON SSN GPA Text File for Batch Upload
Uploading a NON SSN GPA Text File
NON SSN GPA Matching Process
NON SSN GPA Edit Process
High School GPA Reports
Cal Grant Payment Reporting
Cal Grant Payment Codes
Cal Grant Common Payment Scenarios

 **WebGrants**

Establishing and Accessing WebGrants
WebGrants Help Menu
WebGrants Tools
Student Information Screens in WebGrants

Customizing Your Roster
Grant Record Changes (G-21)
CA Dream Act Screens in WebGrants
WebGrants Reports (Colleges)
Cal Grant Reconciliation Reports

WebGrants for Students
California License Exam Reporting - **Coming Soon! Please check back.**
SB 70: Data Reporting
SB 70: Uploading Your Text File



OPERATIONS MEMO

Update from the California Student Aid Commission

STATE OF
CALIFORNIA



GOM 2014-22

July 11, 2014

TO: Financial Aid Administrators
High School Counselors

FROM: Catalina G. Mistler
Chief, Program Administration & S

SUBJECT: 2014-15 Cal Grant Award Am
Dream Act Renewals Eligible

This Operations Memo from the Cal
provides an update on the award amo
Act and provides guidance regardi
eligible to complete a Free Applicat

2014-15 Cal Grant Award Am



SPECIAL ALERT

Update from the California Student Aid Commission

STATE OF
CALIFORNIA



GSA 2014-19

June 30, 2014

TO: Financial Aid Administrators

FROM: Catalina G. Mistler
Chief, Program Administration & Services Division

SUBJECT: Annual Renewal of WebGrants Access Forms

This Special Alert from the California Student Aid Commission (Commission) reminds
institutions of the annual requirement to submit:

- WebGrants Information Security and Confidentiality Agreement (Confidentiality Agreement) and
- WebGrants System Administrator's Access Request Form (Access Request Form) to continue access to WebGrants.

The deadline to submit WebGrants access forms is July 31, 2014.

OPS MEMOS AND SPECIAL ALERTS

California Student Aid Commission (SAPRD)

[Portal Menu](#) [WebGrants](#) [Tools](#) [Help](#) [Sign Out](#)

WebGrants System

[Enrollment](#) [GPA](#) [Student Info](#) [School Info](#) [Roster/Reconciliation](#) [Data Transfer](#) [Chafee Grant](#) [Byrd Scholarship](#) [NON-SSN GPA](#)

Help Center

General Information

- ✦ [Adjustment Reason Codes](#)
- ✦ [Accept/Reject Reason Codes](#)
- ✦ [Changing Your Password](#)
- ✦ [Help with your Account](#)

Publications

- ✦ [Operation Memos and Alerts](#)
- ✦ [Email Messages and Post Cards Sent to Students](#)
- ✦ [Production Schedule](#)

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☒ College Financial Aid Administrators (CAA) - Professionals (Operations Memos, Alerts and Policy Bulletins)

☒ WebGrants Updates - College (Announcements, System Status Updates)

☐ High School Professionals (HSP) - (GPA Verification Forms and Guidelines)

☐ WebGrants Updates - High School (Announcements, System Status Updates)

☒ Information Technology Updates and Technical System Information



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THANK YOU!

***California Student Aid Commission
Institutional Support Services***

(888) 294-0153

schoolsupport@csac.ca.gov